

1                   **VIRGINIA TOBACCO INDEMNIFICATION**  
2                   **AND COMMUNITY REVITALIZATION COMMISSION**

3                   701 East Franklin Street, Suite 501  
4                   Richmond, Virginia 23219

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9                   **Southwest Economic Development Committee Meeting**

10                  Thursday, May 26, 2011  
11                  9:00 a.m.

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13                  3rd Floor Banquet Room  
14                  Football Towers  
15                  Liberty University  
16                  Lynchburg, Virginia

1   **APPEARANCES:**

2   The Honorable Phillip P. Puckett, Chairman

3   The Honorable James C. Cheng, Secretary of

4       Commerce & Trade

5   Ms. Linda P. DiYorio

6   The Honorable Joseph P. Johnson, Jr.

7   Mr. H. Ronnie Montgomery

8   Mr. Israel O'Quinn

9   Mr. David S. Redwine, DVM

10   The Honorable William C. Wampler, Jr.

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12   COMMISSION STAFF:

13   Mr. Neal Noyes, Executive Director

14   Mr. Ned Stephenson, Deputy Director

15   Mr. Timothy S. Pfohl, Grants Program Administration Manager

16   Ms. Stephanie S. Kim, Director of Finance

17   Ms. Stephanie S. Allman, Program Administrator

18   Ms. Sara G. Williams, Grants Coordinator, Southwest Virginia

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20   COUNSEL FOR THE COMMISSION

21   Mr. Francis N. Ferguson, Esquire

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1           SENATOR PUCKETT: I'll call the meeting to order  
2 and ask Neal to call the roll.

3           MR. NOYES : Secretary Cheng?

4           SECRETARY CHENG: Here.

5           MR. NOYES : Ms. DiYorio?

6           MS. DIYORIO : Here.

7           MR. NOYES : Delegate Johnson?

8           DELEGATE JOHNSON: Here.

9           MR. NOYES: Mr. Montgomery:

10          MR. MONTGOMERY: Here.

11          MR. NOYES: Mr. O'Quinn?

12          MR. O'QUINN: Here.

13          MR. NOYES : Senator Puckett?

14          SENATOR PUCKETT: Here.

15          MR. NOYES: Mr. Redwine?

16          MR. REDWINE: Here.

17          MR. NOYES : Senator Wampler?

18          SENATOR WAMPLER: Here.

19          MR. NOYES: You have a quorum, Mr. Chairman.

20          SENATOR PUCKETT: I'd ask for a motion to

21 approve the Minutes of January 11, 2011.

22          DELEGATE JOHNSON: So moved.

23          SENATOR PUCKETT: It's been moved and

24 seconded; all those in favor of approval of the Minutes say

25 aye? (Ayes.) Opposed, like sign? (No response.) The Minutes

1 are approved.

2 Now, the first item on the Agenda is the on-line grant  
3 applications. Stephanie.

4 MS. ALLMAN: I just want to make the  
5 announcement that we have on-line applications now. They  
6 are available, and they're posted on the front page of our  
7 website in the right-hand corner. They are going to be posted  
8 in early June. It's a benefit to the Commission to use the on-  
9 line applications, and we get more consistent data coming to  
10 us. For the grantee, once you register, when you log back in it  
11 pulls your data up and you can access it anywhere you are via  
12 the Internet. You can upload documents instead of having to  
13 cut and paste and use Word documents. That's it, thank you.

14 SENATOR PUCKETT: Thank you, Stephanie.  
15 Anyone have a question about on-line? All right. Thank you,  
16 Stephanie.

17 That brings us to the next item on the Agenda, the  
18 Virginia Coalfield Coalition, and we're going to have an update  
19 on the grant 2115, which has already been approved. The  
20 information you'll hear today will just be an update on what is  
21 happening with the Virginia Coalfield Coalition. Skip Skinner  
22 is here.

23 MR. SKINNER: Thank you, Senator Puckett. I'm  
24 Skip Skinner with the Lenowisco Planning District  
25 Commission. I was invited to meet with the Committee this

1 morning. I'm here on behalf of the Virginia Coalfield Coalition,  
2 which is the applicant in grant number 2115. Virginia  
3 Coalfield Coalition is an economic development partnership  
4 established by and between the Lenowisco Planning District  
5 Commission and the Cumberland Plateau Planning District  
6 Commission. Geographically, we are the seven coalfield  
7 counties in the far southwestern part of Virginia.

8 This project is an important technology project for us,  
9 and we have been working diligently since the grant has been  
10 approved to put all the pieces in place. I'm happy to report  
11 that we are ready to ---- our legal services agreement as well  
12 as our project management agreement. We've had a couple of  
13 terms with both of those contracts and ready to execute those  
14 on behalf of the Coalfield Coalition.

15 Also, with regard to the wireless provider who is our  
16 private partner with regard to this project, there have been a  
17 number of the terms of that contract, or four terms of that  
18 contract, and I'm also happy to report we are extremely close  
19 on executing that contract as well. The attorneys are talking  
20 and working through all the issues. Without taking a great  
21 amount of time today and give you an update on individual  
22 aspects of the project, I have in lieu of that provided a written  
23 report that I'd ask you to make part of the record. I'd be  
24 happy to answer any specific questions that any of the  
25 Commission members may have.

1                   SENATOR PUCKETT: Does anyone have any  
2 particular questions for Mr. Skinner? I'd remind the  
3 Committee that this is a grant that's knotted up in three  
4 places. Can you give us an idea of when you might be close to  
5 constructing some of the new towers?

6                   MR. SKINNER: Certainly.

7                   SENATOR PUCKETT: When can we use the 4G  
8 network?

9                   MR. SKINNER: There are two distinct components  
10 of this project, and one of those is to upgrade the existing 27  
11 towers for fiber, and that's necessary because this 4G  
12 technology is not capable of running on the existing copper  
13 metal work, and that's one aspect of the project. In the  
14 construction of 11 new, what we call build-to-suit towers, part  
15 of that, and let me get my specific information out here. We're  
16 expecting the wireless provider or expecting to have all 27  
17 existing sites turned up by October 1st, 2011. That's a little  
18 bit aggressive for us, but we're expecting to have all the  
19 engineering and permitting work completed by October 31st.  
20 We do expect to have between seven and ten of the towers  
21 located throughout the service region; I can't tell you which  
22 county or which specific area. We do expect to have some of  
23 the towers, or as many as seven to ten turned up by as early  
24 as July or August of this year, and that would be good news.  
25 So we'll be in competition with --

1                   DELEGATE KILGORE: -- Can you let us know  
2 when the towers will be on-line so we'll be able to provide that  
3 information? I get calls all the time, hey, when can I get cell  
4 service over here.

5                   MR. SKINNER: Absolutely.

6                   SENATOR PUCKETT: Neal.

7                   MR. NOYES: We've been having discussions, I  
8 understand, with MBC that has some towers which they'd  
9 purchased in inventory and considered making available to  
10 expedite the project?

11                  MR. SKINNER: They've been a great partner to us.  
12 We have eight towers funded by this Commission that are in  
13 storage and that are being planned to be used on a different  
14 project. The plans have changed, but the towers are in storage  
15 in Martinsville, and it's possible that MBC, if they do tell us  
16 they do not have a higher value purpose, we'd like to use those  
17 existing towers.

18                  MR. NOYES: Let the record show, please, that there  
19 is cooperation between different grantees on different sides of  
20 the mountain, which is exciting for me.

21                  MR. SKINNER: I'll also state for the record, I'm  
22 hoping we have a member of the Mid-Atlantic Broadband  
23 Cooperative as a part of the Board of Directors as well. They'll  
24 allow me to sit with them at some point at the table.

25                  SENATOR PUCKETT: It's always good to see

1 cooperation.

2 MR. SKINNER: Absolutely.

3 SENATOR PUCKETT: Does anyone else have any  
4 questions for Skip? All right, Skip, thank you again for giving  
5 us an update. I think we all concur with Delegate Kilgore that  
6 our people are anxious to have the wireless going, and we've  
7 talked many times, and this is very difficult in our area  
8 sometimes to run fiber, but we want to provide the latest  
9 service to our people, and this wireless will be good for our  
10 area, and we appreciate all your efforts. The people that are  
11 involved with you and the public partners, and I see people  
12 here today representing Verizon and appreciate their efforts to  
13 try to help us provide this service and working on this project  
14 together. We certainly appreciate it, and that's what it is all  
15 about.

16 MR. SKINNER: I'd like to acknowledge the  
17 leadership of this Committee and the Commission, and this is  
18 an innovative partnership working with the public in order to  
19 bring all of the different aspects together. This will be just a  
20 good outcome for all of us.

21 SENATOR PUCKETT: Thank you. We now have an  
22 item not on your Agenda. Tim will address that.

23 MR. PFOHL: Thank you, Mr. Chairman. It's not  
24 Staff's practice to bring items you have not been briefed in  
25 advance on, but this is an issue that literally has popped up in



1 the last 24 to 48 hours. Last fall your Committee  
2 recommended funding and the Commission approved a \$1.5  
3 million grant to the Wise County Industrial Development  
4 Authority to start up the Virginia Carbonite Corporation in  
5 Wise County. The approved budget you sought included  
6 several budget line items, \$300,000 for contractual services,  
7 \$200,000 for supplies and material, \$400,000 for equipment,  
8 and \$600,000 for plant improvement and renovations to the  
9 site that Carbonite is putting back into use in Wise County.  
10 Within the last day or so we received a request for the release  
11 of grant funds on the project.

12 The request to the Commission is to use the entire \$1.5  
13 million to purchase a critical piece of equipment for the  
14 carbonite process. That's representing a substantial change in  
15 the budget that you saw when this project was approved last  
16 fall. The Staff is very supportive, and we feel it's very  
17 consistent with the Commission's policy to approve the use of  
18 funds for the purchase of equipment. The ownership of that  
19 equipment will be retained by the eligible grantee, and in this  
20 case by Wise County IDA. They have assured us they will  
21 retain ownership of that equipment. What we're suggesting  
22 today is that you consider repurposing that \$1.5 million to  
23 purchase that piece of equipment. The cost of that is \$1.88  
24 million. We have evidence there will be a very substantial  
25 match, not only in this equipment but overall, and it's a \$20

1 million project.

2 The Staff is asking you if you would consider a repurpose  
3 of grant 2132 in the amount of \$1.5 million for the purchase of  
4 a piece of equipment with ownership to be retained by the  
5 Wise County IDA, your grantee.

6 DELEGATE KILGORE: Is that in the industrial park  
7 at the airport?

8 MR. PFOHL: No, this is at a site, and I don't recall  
9 the name offhand, not in the industrial park but the former  
10 industrial site that will be used.

11 MR. NOYES: At one point for storage of coal.

12 MR. MONTGOMERY: I believe Blackwood.

13 SENATOR PUCKETT: Any questions anyone has?

14 SENATOR WAMPLER: Mr. Chairman.

15 SENATOR PUCKETT: Senator Wampler.

16 SENATOR WAMPLER: Tim, it seems to me that we  
17 had a great discussion on this application relative to the  
18 intellectual property, and the jobs would remain in the  
19 Commonwealth and not be exported to neighboring states. My  
20 recollection is that we had a great discussion as to the  
21 Tobacco Commission dollars not being spent on operations  
22 and administrative costs.

23 MR. PFOHL: That's correct.

24 SENATOR WAMPLER: If my memory is correct, the  
25 repurposing would go to a non-recurring capital expenditure

1 which is easy for us to track, and we would be, perhaps, in a  
2 stronger position of assuring the terms of our grant would be  
3 met. Is that fair?

4 MR. PFOHL: Yes, sir.

5 SENATOR WAMPLER: Mr. Chairman, I think it's a  
6 good idea to help these folks, and it's a critical piece they need  
7 to move forward. I think it's probably in the Commission's  
8 best interest to do so.

9 SENATOR PUCKETT: Do you make that a motion?

10 SENATOR WAMPLER: I so move.

11 SENATOR PUCKETT: It's been moved and seconded  
12 that we repurpose this. Does anyone have any questions on  
13 the motion? All right. The motion is to repurpose 2132. All in  
14 favor say aye? (Ayes.) Opposed, like sign? (No response.) All  
15 right.

16 Does the Executive Director have any comment?

17 MR. NOYES: I'm very pleased with the progress of  
18 the Coalfield Coalition. We're going to be looking at an insert  
19 in Virginia Business, which is in the Commission books. I  
20 believe it will be out of date by July, and that's outstanding.  
21 That's a good thing.

22 SENATOR PUCKETT: Just a reminder the next  
23 application deadline for Southwest Economic Development,  
24 any projects, will be Friday, July 15, 2011. Then the next  
25 Committee meeting will be Thursday, September 15, 2011.

1           Is there anyone in the audience who would like to make a  
2 comment, or a question you might like to ask about what is  
3 going on? Seeing none, then, I'll entertain a motion for  
4 adjournment.

5           DELEGATE JOHNSON: So moved.

6           SENATOR PUCKETT: It's been moved and  
7 seconded. All in favor of adjourning say aye? (Ayes.) The  
8 Committee shall rise.

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10                           PROCEEDINGS CONCLUDED.

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3 CERTIFICATE OF THE COURT REPORTER  
4

5 I, Medford W. Howard, Registered Professional  
6 Reporter and Notary Public for the State of Virginia at large, do  
7 hereby certify that I was the court reporter who took down and  
8 transcribed the proceedings of the **Virginia Tobacco**  
9 **Indemnification and Community Revitalization**  
10 **Commission Southwest Economic Development**  
11 **Committee Meeting when held on Thursday, May 26, 2011**  
12 **at 9:00 a.m. in the 3rd Floor Banquet Room, Football**  
13 **Towers, Liberty University, Lynchburg, Virginia.**

14 I further certify this is a true and accurate  
15 transcript to the best of my ability to hear and understand the  
16 proceedings.

17 Given under my hand this 31st day of May, 2011.  
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19  
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21 \_\_\_\_\_  
22 Medford W. Howard  
23 Registered Professional Reporter  
24 Notary Public for the State of Virginia at Large  
25

- 1 My Commission Expires: October 31, 2010.
- 2 Notary Registration Number: 224566